

CAPITOL STREET

July 22, 2024

Kamala Harris on Healthcare

ACA Subsidies, Medicare Advantage (MA), Drug Pricing, Women's Health

Relevant Companies

ALL HEALTHCARE

»» Our Take & Next Up

Kamala Harris, now the frontrunner for the Democratic nomination, likely continues Biden's legacy (preserve ACA, protect IRA) despite more left-inspired policies that would not pass without a Democratic majority in Congress. With only ~100 days until the election, we can expect to hear a Vice-Presidential pick (detailed below). It is unclear whether or not the next debate between Trump v Biden on Sept 10 will still happen with Kamala on the ticket, and it is uncertain whether Trump will accept a debate with Harris at all ([here](#)). The Democratic National Convention is in Chicago from August 19-22, 2024 and we expect the majority of delegates to support Harris for the nomination, especially with the growing number of top Democrats voicing their support for her.

»» Key Points

During her 2020 presidential run, Kamala Harris proposed a hybrid Medicare for All plan aimed at expanding coverage while maintaining a role for private insurers ([here](#)). Unlike the more controversial Sanders' plan, which called for a complete transition to a government-run system, Harris' approach allowed private insurers to operate similarly to how they do under Medicare Advantage (MA). However, allowing private insurance companies to participate in a Medicare-based system faced considerable criticism among other progressives.

We believe Harris supports the ACA wholeheartedly and would extend ACA subsidies at the end of 2025. Recall they expire Dec 31, 2025 and line up with *Tax Cuts & Jobs Act* expiration. Harris would also likely acclaim other significant health policy achievements of the Biden administration, including \$35 cap on insulin copays and Medicare drug negotiation. A permanent extension is not likely due to costs, CBO estimates that permanently extending ACA subsidies would increase the deficit by \$335 B over 10 years ([here](#)). We could see a partial expansion, say to those <400% FPL given Congressional make-up.

Harris supports the drug pricing reforms implemented under the Biden administration, particularly those outlined in the *Inflation Reduction Act (IRA)*. Similar to Biden, she proposed penalties for drug makers raising prices faster than inflation, but extended the restrictions past Medicare to the commercial market ([here](#)), which probably wouldn't pass the Congress.

March-in policies are unlikely, despite most recent regulations. Harris was also a supporter of "march-in rights," which allow the government to act on patents for a taxpayer-funded drug ([here](#)). As a reminder, one of the statutory criteria that allows for march-in is if a patent holder has not taken effective steps to achieve

practical application of a product in its field of use. In December 2023, the Department of Commerce (DOC) released guidance that recommended the agencies consider the price and availability of that product to the public as factors to consider in march-in reviews. However, the administration has said that the guidance does not target specific drugs OR endorse widespread use. This recent proposal by the Biden-Harris administration was met with controversy ([here](#)). We think it could pass in the right circumstances with a Democratic majority, but even that is unlikely.

Harris has a history of endorsing prescription drug affordability and strong drug pricing controls (e.g., Most Favored Nation, akin to Trump). As part of her campaign, she proposed a similar plan to Trump's Most Favored Nation Model ([here](#)) to use international reference pricing to set drug costs in the U.S., similar to other developed nations for the same medications.

Other healthcare priorities include a strong focus on women's health. As a pro-choice advocate post-Dobbs, Harris has pushed against the GOP anti-abortion narrative. This extends to her work expanding Medicaid maternity coverage, which several states have embraced in the last few years. This expansion provides postpartum Medicaid benefits for mothers and babies for up to one year after birth, significantly improving health outcomes and potentially lowering future healthcare costs for uninsured families. We can also expect to see a push for health equity and mental health, two issues she underscored during her time as Senator.

Kamala will pick a VP in the coming weeks, with some profiles of potential candidates below.

- **Gov. Roy Cooper (D-NC)** Cooper is currently serving his second term as Governor of North Carolina. Previously, he served four terms as Attorney General of NC. He's made several campaign appearances with Harris this year, as they became friendly during their overlapping times as AG.
- **Sen. Mark Kelly (D-AZ)** Kelly spent time in the Navy and as an astronaut prior to being elected as Senator. He's a strong advocate for gun control and background checks after his wife (former House Rep Gabby Giffords) was shot in an assassination attempt and survived.
- **Gov. Josh Shapiro (D-PA)** Shapiro won his last election as Governor against a far-right Trump-endorsed candidate and has backed Biden on many issues. He's taken a stand against antisemitism, and voiced his solidarity with Israel ([here](#)).
- **Gov. Andy Beshear (D-KY)** Beshear has been Kentucky's governor since 2019, and prior to that he served as the state's Attorney General. He's been a vocal supporter of abortion rights, and was praised for his strong leadership during the height of the pandemic ([here](#)).

Ipsita Smolinski
Managing Director | Capitol Street
ipsita@capitol-street.com

202.250.3741 | www.capitol-street.com

900 19th St NW 6th Fl
Washington, D.C. 20006

CAPITOL STREET

Copyright 2024 Capitol Street.

This communication, including this broadcast and any attachments hereto, is intended solely for the original recipient(s) and may not be redistributed without the written consent of Capitol Street. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of any financial instruments, nor is it intended as advice to purchase or sell such instruments